

Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 NEA-10 ISO-00 CIAE-00 INR-10 NSAE-00

RSC-01 XMB-07 TRSE-00 CIEP-02 OMB-01 SS-20 NSC-10

SPC-03 DRC-01 /102 W

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R 011315Z NOV 73

FM AMEMBASSY BEIRUT

TO SECSTATE WASHDC 4990

INFO USDOC WASHDC

AMEMBASSY ABU DHABI

AMEMBASSY JIDDA

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TEHRAN

C O N F I D E N T I A L BEIRUT 12648

E.O. 11652: GDS

TAGS: BFOL, ENRG, SY

SUBJECT: SYRIAN RECONSTRUCTION: NEW OIL REFINERY NEEDED

REF: STATE A-4468, BEIRUT 10774, 12094 (NOTAL)

SUMMARY: REGARDING PRESSING NEED FOR NEW SYRIAN REFINERY AND PROBABILITY OF ARAB OIL MONEY TO FINANCE IT, WE WOULD ENCOURAGE APPROPRIATE AMERICAN FIRMS TO INVESTIGATE THEIR CHANCES OF PARTICIPATING IN CONSTRUCTION DESPITE EXISTENCE OF ANTI-AMERICAN ATTITUDES IN ARAB COMMUNITY. END SUMMARY

1. ACCORDING BEIRUT PRESS AND INDUSTRY REPORTS WHICH UNDOUBTEDLY TRUE, SYRIA'S ONLY OIL REFINERY, 60,000 BPD COMPLEX AT HOMS, WHICH WAS TO BE EXPANDED BY 30,000 BPD DISTILLATION UNIT (OUR 10774), WAS DESTROYED BY ISRAELI AIR ATTACKS ABOUT OCT 10. SYRIA HAS ANNOUNCED INTENTION REPLACE REFINERY, REPAIR OTHER DAMAGE AND PROCEED WITH PREVIOUS DEVELOPMENT PLANS, WHICH INCLUDED NEW 80,000
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BPD COASTAL REFINERY BY 1977.

2. BEIRUT NEWSPAPER L'ORIENT - LE JOUR CLAIMS ABU DHABI GOVERNMENT HAS PLEDGED GIFT OF \$50 MILLION FOR NEW REFINERY AND THAT SAUDI ARABIA, KUWAIT AND QATAR HELPING SYRIA FINANCIALLY. POSSIBLY EMBASSY ABU DHABI CAN CONFIRM \$50 MILLION GIFT, SINCE WE UNABLE TO DO SO TO DATE. WHATEVER THE CASE, PAST SYRIAN EXPERIENCE MAKES IT SAFE ASSUME SYRIA WILL FIND FINANCING SOMEWHERE FOR SO ESSENTIAL AN INSTALLATION AS A REFINERY.

3. IN OUR VIEW, WASHINGTON AGENCIES AND POTENTIAL AMERICAN BUILDERS OF A NEW SYRIAN REFINERY SHOULD NOT RPT NOT ASSUME AMERICAN BUILDERS WILL AUTOMATICALLY BE EXCLUDED FROM CONSIDERATION. DUE LACK DIRECT CONTACT WE HAVE NO FIRM INDICATION SYRIAN ATTITUDES BUT THINK IT WOULD BE WORTH THE WHILE OF APPROPRIATE FIRMS (PROCON, LUMMUS, ETC.) TO TEST THE WATER WITH ATTRACTIVE PROPOSALS, PERHAPS THROUGH FOREIGN SUBSIDIARIES AND SYRIAN EMBASSIES. OUR 12094 (SENT WASHINGTON ONLY), WHICH DUE ITS SENSITIVITY SHOULD REMAIN CLOSELY HELD AND NOT RPT NOT BE SHARED WITH BUSINESS COMMUNITY, DESCRIBES SITUATION THAT COULD CAUSE SYRIANS TO LOOK, NOT UNFAVORABLY, ON AMERICAN OIL INDUSTRY. CONTINUING AMERICAN BUSINESS LINKS WITH EGYPT (SUMED), IRAQ (BROWN AND ROOT CONTRACT AND BOEINGS) AND LIBYA (TRIPOLI 1378 RE BOEINGS) PROVIDE FURTHER GROUND FOR MILD OPTIMISM. FIRMS MIGHT ALSO EMPHASIZE AMERICAN TECHNOLOGICAL SUPERIORITY AND CONSTRUCTION SPEED (WHICH IMPORTANT FACTOR THIS CASE), AT LEAST VIS-A-VIS EASTERN BLOC BUILDERS.

4. DEPARTMENT MIGHT ALSO CONSIDER RAISING WITH EX-IM BANK CONTINUING ADVISABILITY BANK'S CURRENT POLICY ON SYRIA. BUFFUM

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